The Uniform CPA Examination
Alert

CBT Progressing On Target

To keep everyone apprised of the progress of the computer-based Uniform CPA Examination, the joint NASBA-AICPA-Prometric Steering Group issued a progress report on May 15, 2003. The Steering Group, created under the May 2002 tri-party CBT agreement, oversees systems development and implementation of the revised CPA Examination. The Steering Group includes Arleen Thomas, vice president Professional Standards and Services, AICPA; Lorraine Sachs, executive vice president, NASBA; and David Ginsburg, director of Client Services, Prometric; as well as other staff from the three organizations.

"We hope that hearing directly from the Steering Group will reassure everyone that the CBT project is proceeding as planned and on target for the April 2004 launch," said Lorraine Sachs. "As we countdown to launch, we will provide additional updates and more frequent information."

Highlights from the May 15, 2003 progress report:

- The CBT project has a governance structure that provides clear direction for the overall project, as well as empowers individual partners to manage their internal work and maintain accountability.

  - The Steering Group (SG), which meets twice monthly, once by conference call and once in person, has engaged an Enterprise Project Manager (EPM) who maintains the overall enterprise plan, facilitates the resolution of issues, and reports to the SG on project progress.

Also In This Issue

From the Desk of Gregory Johnson
Director of the CPA Examination

In less than a year, the computerized Uniform CPA Examination will launch. On April 5, 2004, the old way of taking the CPA exam will be relegated to history, as the computer-based test (CBT) is administered year-round through the Prometric test center network. As we get closer to that date, work continues to be done to ensure that exam administration goes smoothly.

As reported by the joint NASBA, AICPA, and Prometric CBT Steering Group, the project is on schedule and proceeding nicely. Major milestones have been met, including integration testing which establishes the ability of the systems to communicate and exchange data. A tutorial for the revised exam has been completed; everyone can now see how the exam will look and function. And pretesting for the revised exam is in full swing, with nearly six-dozen schools in 27 states participating to date.

NASBA and the state boards of accountancy are finalizing the transitioning and granting of credit policies for CPA candidates. To keep everyone informed, this issue of the *Exam Alert* includes some frequently asked questions – and answers — about those topics. Information about the Prometric test centers is provided through a Q&A with David Ginsburg, Prometric's Director-Client Services. Also included in this issue is an at-a-glance CBT fact sheet.

All of us who are part of this historic change in the CPA examination should be proud of the work done thus far, which will deliver an exam that will continue to uphold the high standards required of this high-stakes test. Undoubtedly, there will be some anxiety as we move through the final stages of the project. However, I firmly believe that as we continue to move forward and provide more information to accounting students, CPA examination candidates, and educators, we will have a smooth transition to computer-based testing.

As work continues on CBT, please continue to e-mail me at *gjohnson@aicpa.org* with your suggestions or comments about *The CPA Exam Alert.*

The Uniform
CPA Examination

CBT Processing On Target *(Continued from page 1)*

◆ Within each of the three organizations, a project manager has been assigned to oversee the work and to manage, along with other members of the development teams, technical integration and routine issues. Identified as the NAP (NASBA, AICPA, and Prometric) group, they meet weekly by conference call and monthly in person.

◆ A high-level set of project milestones is delineated in a Unified Project Plan that is supported by more detailed interim and specific deliverables; each organization reports regularly on progress measured against those criteria. The EPM also conducts periodic project audits by visiting each organization and confirming the status of the deliverables.

■ As a result of this oversight and reporting mechanism, the project is on schedule. Major milestones have been met, including integration testing, which establishes the ability of the systems to communicate and exchange data.

■ A tutorial to help candidates prepare for the examination is available at www.cpa-exam.org. Prior to its release, the tutorial was viewed by the SG, and volunteer and staff representatives involved in CBT communications through a joint communications advisory task force.

The full progress report is available on the CPA Exam Web site at *http://www.cpa-exam. org/cpa/computer.html.*

Frequently Asked Questions

As the start date for the computerized CPA Examination come closer, accounting students and CPA candidates are increasingly asking about transition, granting of credit (conditioning), and score reporting for the computer-based test (CBT). To help update everyone about these topics, here are answers to some frequently asked questions.

How will my current conditioning change under the computer-based CPA Exam? Will I lose the credit for sections passed under the paper-based exam?

Each state board will set the amount of time for the completion of the examination by their candidates who have earned conditional credit. For example, if you have three examinations remaining under the paper-based examination, you will likely have three testing windows under CBT. You will retain credit for sections of the examination you have already passed.

You will not lose credit for sections passed provided you pass the remaining sections in the time and/or number of attempts allowed.

How will my current credit transfer?

Current examination credit will be transferred to credit on certain sections of the computer-based test (CBT) as follows:

Credit on paper-based exam for:	Will earn CBT credit for:
Auditing (AUD)	Auditing & Attestation
Law & Professional Responsibilities (LPR)	Business Environment & Concepts
Accounting & Reporting (ARE)	Regulation
Financial Accounting & Reporting (FARE)	Financial Accounting & Reporting

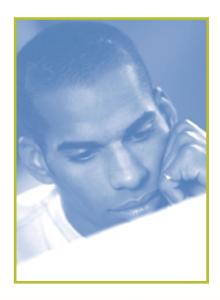### How soon after taking a section of the computer-based CPA Exam will I receive my grade?

Distribution of grades is the responsibility of state boards of accountancy. Initially, advisory grades and diagnostic information will be provided to state boards, or their designee, at the end of the third month in each testing window.

Each state board may set its own schedule for the frequency it will approve and release grades.

CBT Facts — At A Glance

- The CPA Examination will be delivered in a computer-based format beginning April 5, 2004. The final paper-based version of the CPA Examination will be administered on November 5 and 6, 2003.

- The revised CPA Examination is a 14-hour exam with four sections. Three sections: Auditing & Attestation (4.5 hours), Financial Accounting & Reporting (4 hours), and Regulation (3 hours) will include much of the content covered in the current paper-based CPA Examination. The fourth section, Business Environment & Concepts (2.5 hours), is new. This section covers knowledge of the general business environment and business concepts.

- Content comparison of paper-based and computerized examination sections:

Paper-based Exam		Computerized Exam
AUDIT	→	Auditing & Attestation
LPR	→	Regulation and BEC
FARE	→	Financial Accounting & Reporting
ARE – Tax	→	Regulation
ARE – Government & Not-for-Profit	→	Financial Accounting & Reporting
ARE – Managerial	→	Business Environment & Concepts (BEC)

- The revised CPA Examination will be offered five days a week (or up to six or seven days a week at certain test centers), during two out of every three months throughout the year (the "testing windows"). Testing in 2004 will occur: April–May; July–August; and October–November. In 2005, the first testing window begins January 2.

- It is anticipated that all boards of accountancy will permit candidates to take each exam section individually, and in any order, or all at one time. However, candidates must pass all sections within an 18-month period.

- Requirements to take the CPA Examination and other policies and procedures vary from state to state, so candidates are encouraged to contact the state board of accountancy in the jurisdiction they plan to take the CPA examination. Check the NASBA web site at www.nasba.org for policies and links to state boards.

- A CPA examination tutorial is available at www.cpa-exam.org. The tutorial covers the revised exam's look, feel, and functionality, as well as offers both guided and self-directed instructions. The tutorial does not replace practice materials. Candidates are strongly advised to review the tutorial before taking the computer-based CPA Examination. ☛

- In April 2004, each section of the exam will include sets of multiple-choice questions (testlets). In addition, each section except Business Environment & Concepts (BEC) will contain a new case study component called simulations. Simulations will provide a set of facts and require candidates to complete related tasks and access authoritative literature. Simulations will be added to BEC as soon as practicable.

Talking To....

David Ginsburg, Director of Client Services, Prometric

Beginning April 5, 2004, the Uniform CPA Examination will be delivered in a computer-based format at Prometric test centers across the United States.

Where can I find a list of test center locations?

Currently, NASBA has the most up-to-date list of test centers to offer delivery of the CPA examination. This list is being finalized and will be available to the candidates well in advance of the beginning of exam scheduling. By year's end, a CPA Exam-only page will be created on the Prometric web site (*www.prometric.com*). Included on this page will be a Test Center Locator & Scheduler application. This tool will allow candidates to quickly determine the most convenient center at their chosen location and schedule or "reserve" a seat and time in their chosen center.

What steps is Prometric taking to ensure a high-quality candidate experience?

Though much of the effort to date has been technical in nature, Prometric, NASBA, and the AICPA are working closely to ensure all operational processes are well integrated. Additionally, Prometric's CPA Exam-only web page will provide the most accurate and up-to-date tools and information to further the candidate's understanding of the Test Centers and enhance their computer-based testing experience.

How does Prometric provide for a consistent and secure test-taking experience?

Prometric delivers millions of examinations annually. In doing so, we have addressed similar concerns from programs such as the USMLE (United States Medical Licensing Examination) and NASD (National Association of Security Dealers). Of course, every Program has unique requirements. To address these needs, in conjunction with NASBA, we are in the process of creating the Practices, Policies and Procedure (P3) manual. This web-based documentation will be accessed everyday,

throughout the day by Prometric Test Center Administrators, to ensure that the specific needs of the CPA Exam program are addressed.

Will the CPA Exam be offered in all your test centers?

No, the CPA exam will only be delivered within the most secure channel of our test delivery network. Though Prometric has thousands of test centers worldwide, not all of these centers are considered suitable for administering "high stakes" examinations. The Uniform CPA Examination will only be administered in those centers that employ the appropriate security measures and facilities. There are well over 300 test centers in this channel nationwide.

What are the hours of operation of your sites that will offer the CPA Exam?

Test center hours vary, but are generally open Monday through Friday, from 9am to 6pm. However, many sites have extended hours and are open on weekends. As the program "goes live," test center hours will be closely monitored and, if necessary, expanded to accommodate candidate volume. Candidates will have flexibility in scheduling their days and times based on availability. To get their first choice of dates, candidates are advised to schedule at least 45 days in advance. Depending on jurisdiction and location, less time may be needed to schedule. Due to eligibility and security concerns, no candidate will be scheduled fewer than five days before testing.

How and when can candidates schedule test center appointments?

After a candidate has been determined eligible to take the examination and receives a Notice to Schedule (NTS) from the state board or its designee, the candidate can make appointments online via the Prometric web site, www.prometric.com, by phone, or in-person at a test center.

David Ginsburg
Director of Client Services, Prometric

Will the Prometric test center network be able to handle the volume of CPA candidates?

Prometric has significant presence in all major areas in the U.S. Clearly certain times are busier than others and we are able to extend hours and days to compensate for increased demand as appropriate. Prometric has excellent tools for capacity planning and is working to expand markets that may be strained because of increased candidate demand. NASBA has been and continues to be instrumental in the capacity planning process. Assuming a candidate seeks to schedule a testing session 45 days in advance, he or she has an extremely strong likelihood of securing the desired day, time, and location.

If a seat is not available within a state, will candidates be allowed to test in another jurisdiction?

Prometric's systems are designed to allow trans-jurisdictional scheduling for candidates. We anticipate that candidates will be able to select any site, regardless of the jurisdiction to which they apply.

Exam Tutorial Gets Positive Response

An online survey undertaken to evaluate the effectiveness and usability of the computerized CPA Examination tutorial, has shown high levels of satisfaction among respondents. Between 80-90 percent of those who completed the evaluation rated the tutorial "Good" or "Very Good." Ninety-five percent said the tutorial was easy to navigate; more than two-thirds reported feeling more comfortable with the computer-based test after viewing the tutorial.

"We wanted to make sure the tutorial met its goal of helping students, CPA examination candidates, and educators become familiar and comfortable with the computer-based test," said Gregory Johnson, AICPA's Director-CPA Examination. "So we worked with an outside firm to do pilot testing prior to the tutorial release. We wanted to be sure we had created a product that would meet the needs of our constituencies. "

Working closely with AICPA's market research and Exams teams, IntelliSurvey created and distributed an online tutorial evaluation that

reached approximately 3,000 individuals. This target audience consisted of undergraduate and graduate students, young professionals, and academics.

While overall comments were positive, some people experienced technical glitches in certain sections. Mr. Johnson said any malfunctions identified during the pilot have already been rectified. "That's the purpose of a pilot, " he said, "To identify and fix any problems. "
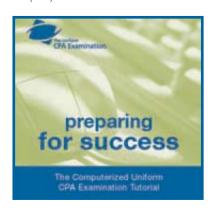
Other results:

■ Ninety-five percent of those who completed the survey indicated the tutorial was easy to launch and navigate.

■ More than three-quarters of the respondents said they would likely go back to the tutorial after it was made generally available, with students reporting the highest return levels.

■ Eighty percent or more of the respondents reported "Good " or "Very Good " levels of understanding of each section.

■ No statistical difference in responses was observed among the respondents.

The tutorial for the computerized CPA Examination, which will begin in April 2004, is available on the CPA Exam web site, www.cpa-exam.org. State boards of accountancy, academics, state CPA societies, and review course providers will also receive copies of the tutorial on CD-ROM.

For a copy of the entire evaluation report, contact Diane Babuin at dbabuin@aicpa.org or call (201) 938-3361. ☕

Taking CBT On The Road

Reflecting the partnership detailed in the May 2002 CBT agreement, a joint AICPA-NASBA-Prometric presentation is being brought to exam stakeholders.

"Countdown to Launch — The Computerized Uniform CPA Examination", a PowerPoint slide presentation, was created and presented by the CBT Steering Group members Arleen Thomas, AICPA vice president- Professional Standards and Services; Lorraine Sachs, NASBA executive vice president; and David Ginsburg, Prometric's director of Client Services. The trio debuted the joint presentation at the AICPA Council meeting on April 26, 2003.

The presentation gave a high-level look at CBT administrative processes and the new exam format. The presentation was also interactive, as the exam's new case study simulations were demonstrated and attendees were asked to answer exam questions. Olivia Kirtley, chair of the AICPA Board of Examiners, who was present at the meeting noted, "Arleen, Lorraine, and David gave a wonderful presentation. It was extremely well done and well received".

Response was so positive, in fact, that the Steering Group has decided to present similar presentations at the NASBA Eastern and Western regional meetings in June, the AICPA & CPA/SEA Interchange Conference in July, and the AAA annual meeting in August. ☕

Pretesting In Full Swing

The pretesting effort for the computerized CPA Examination is in high gear, with nearly six-dozen schools in 27 states participating to date. Approximately 3,400 students and CPA candidates nationwide have taken part in pretest events since April 2002.

Key to the success of this program has been the cooperation of state boards of accountancy. "Without the help and assistance of the state boards, we could not reach as many people or do as many pretest events," said Gerald Melican, AICPA's director - Technical and Psychometric Development. Nearly three-dozen representatives from 18 state boards have been or are currently being trained as pretest site managers. "We've been very fortunate to have the interest and active participation of so many people. It shows real dedication and support for the CPA Examination."

The purpose of pretesting is to gather information on the quality of new test questions (items) created for the revised CPA examination, and to assess certain aspects of the computerized delivery of the exam. Psychometricians creating the computer-based test will use this information to ensure that the revised examination is appropriate and efficient, and that the exam's pass or fail decision is fair and accurate for all candidates.

The pretesting initiative is national in scope, and spans the Northeast, Midwest, and Southern and Western regions of the United States. To date, pretest events have been held in Massachusetts, New Jersey, New York, Rhode Island, Iowa, Illinois, Indiana, Kansas, Michigan, Minnesota, Missouri, Nebraska, Ohio, South Dakota, Wisconsin, Alabama, Arkansas, Delaware, Florida, Kentucky, North Carolina, Tennessee, Texas, Virginia, California, Montana, and New Mexico.

"Typical pretest events take place on a Friday and Saturday, with two or three three-hour sessions per day," explained Joanne Lindstrom, AICPA Pretest technical manager. "We prepare the universities, and then they identify students or alumni who are qualified to take the pretest exam. A minimum of 100 test appointments is required to hold an event. Since each section of the exam taken is counted as one appointment, the actual number of students can vary. Individuals can take from one to four sections of the exam."

Initially, only the multiple-choice portion of the exam was pretested. Since February 2003, however, simulations (condensed case studies) have been included. Currently, the Auditing & Attestation, Financial Accounting & Reporting, and Regulation portions of the pretest exam include 25 multiple-choice questions followed by three simulations. Since simulations will not be included in the Business Environment & Concepts (BEC) section at the exam's launch, the BEC pretest includes about 90 multiple-choice questions, delivered in four groups called "testlets."

On-site security and administration attempt to mirror the exam's operational procedures. Pretest scores for the multiple-choice portion of the test are available online 10 days after the event. Scores on the simulations portion take considerably longer, given the additional analysis that needs to be done on these new item types. "Pretesting can really help students and candidates get a feel for the new test," said Ms. Lindstrom.

University-based pretesting will continue through the end of 2003. After that, pretesting will take place in testing labs set up in AICPA offices and through the operational computer-based test.

For more information about pretesting, review the *Pretesting Frequently Asked Questions (FAQS)* on the CPA Exam web site at *http://www.cpa-exam.org/cpa/pretesting_faqs.html*. Or contact the Pretest team at *cpaexam_pretest@aicpa.org.*

CBT Materials Available — Help Get The Word Out

State board executives, committee members, and others who are asked to provide updates on the computer-based CPA Examination can get copies of PowerPoint slides and other informational material from the AICPA Examinations Team. For presentations, fact sheets, or copies of the CBT video and/or tutorial, contact Diane Babuin at 201-938-3361 or email *dbabuin@aicpa.org*.

Upcoming Events

June 27-30, 2003
Assoc. of Collegiate Business
Schools and Programs (ACBSP)
Annual Meeting
(Ft. Lauderdale, FL)
Contact: Jackie Dokken
(913) 339-9356

July 11-12, 2003
TRIO
(Philadelphia, PA)
Contact: Krista Breithaupt
(609) 671-2908

July 14-15, 2003
AICPA Simulations-Audit
Subcommittee
(Jersey City, NJ)
Contact: Linda Mills
(201) 938-3196

July 14-16, 2003
CBT Operational Standard Setting
(Chicago, IL)
Contact: Bruce Biskin
(201) 938-3421

July 17-18, 2003
AICPA Simulations-Regulations
Subcommittee
(Jersey City, NJ)
Contact: James Quaglietta
(201) 938-3331

July 22-23, 2003
AICPA Simulations-FAR
Subcommittee
(Jersey City, NJ)
Contact: Linda Mills
(201) 938-3196

July 23-26, 2003
AICPA & CPA/SEA Interchange
Conference
(Santa Barbara, CA)
Contact: Nadine Cunningham
(201) 938-3795

August 3-6, 2003
AAA Annual Meeting
(Honolulu, HI)
Contact: Tracey Sutherland
(941) 921-7747

August 11-12, 2003
AICPA Regulation/Law
Subcommittee
(Toronto, CAN)
Contact: Joel Koppelman
(201) 938-3426

August 14-15, 2003
AICPA FAR Subcommittee
(Charleston, SC)
Contact: Adell Battle
(201) 938-3435

August 18-19, 2003
AICPA Auditing Subcommittee
(Seattle, WA)
Contact: Linda Mills
(201) 938-3196

September 18-19, 2003
AICPA Board of Examiners
(New York City)
Contact: Gregory Johnson:
(201) 938-3376

October 2-3, 2003
Psychometric Oversight
Committee
(TBD)
Contact: Bruce Biskin
(201) 938-3421

October 23-24, 2003
AICPA FAR Subcommittee
(Jersey City, NJ)
Contact: Adell Battle
(201) 938-3425

October 26-29, 2003
NASBA Annual Meeting
(Maui, HI)
Contact: Tom Kenny
(615) 880-4237

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June/July 2003

William W. Holder Honored As Outstanding Educator

At the AICPA's Spring Council meeting, William W. Holder received the 2003 Distinguished Achievement in Accounting Education Award. The annual award recognizes full-time college accounting educators for excellence in teaching and national prominence in the accounting profession.

"Bill Holder has contributed greatly to the accounting profession through his many roles—teacher, mentor, critic, and scholar—and has influenced many who have gone on to illustrious careers," said Barry Melancon, president and CEO of the AICPA. "Above all, he is a man of great integrity and high ethical standards."

A member of the AICPA Board of Examiners, Dr. Holder is currently the Ernst & Young Professor at the University of Southern California's (USC) Leventhal School of Accounting. He is the recipient of numerous honors for contributions to the accounting profession and accounting education. Dr. Holder has also provided invited testimony on Corporate Accounting Practices before the Congressional Subcommittee on Capital Markets, Insurance, and Government-Sponsored Enterprises, and Committee on Financial Services, which was part of the deliberations leading to the Sarbanes-Oxley Act. He has co-authored numerous textbooks including Intermediate Accounting, through its 5th edition and has also co-authored the Accounting & Auditing Update course that has been adopted by a number of state societies of CPAs, including California. ☜